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SUBJECT: Afghan Government's High Hopes for Hydropower

REF: A. Kabul 2363 B. Kabul 561

¶1. (SBU) Summary: At the August 5 inauguration of a USAID-funded diesel power plant in Kabul, President Karzai and Minister of Energy and Water Ismail Khan focused on large-scale water projects as the key to Afghanistan's energy future. To implement its national hydropower strategy, Afghanistan's government will need to strengthen its capacity in transboundary water rights diplomacy and improve upon existing water rights treaties with its neighbors. USAID plans to fund technical experts to support the Afghan government's efforts to build both planning and negotiating capacity on key transboundary riparian issues. End summary.

¶2. (U) At the August 5 inauguration of a USAID-funded diesel power plant, President Karzai and Minister of Energy and Water Ismail Khan spoke at length about their hopes for hydropower. The topic had also gained considerable focus during the presidential election campaigns: candidates Abdullah Abdullah and Ashraf Ghani Ahmadzai both cited hydropower as critical to Afghanistan's economic development future during a debate held in Kabul on August 10 (ref A).

¶3. (U) Minister of Energy and Water Khan laid out his vision for Afghanistan's power future. "Afghanistan must never rely on imports," he said, adding that in 10 to 15 years Afghanistan could harvest enough potential hydro resources to meet all domestic needs. Referring to USAID's support to develop the Sheberghan gas fields in Jawzjan province, Khan then clarified, "some of my colleagues are interested in gas, but I want to emphasize hydro." Recognizing the dual role dams play in providing power and agricultural irrigation, Khan concluded: "Afghanistan has a lot of resources, but we can't resolve our problems until we have enough water. Once we have water, no one will grow poppies, no one will fight, no one will leave Afghanistan [for work]...water will resolve all problems in Afghanistan."

¶4. (SBU) Although agreeing that Afghanistan's water endowment would be sufficient with appropriately developed infrastructure, President Karzai's remarks were more measured. He called for power "whether hydro or from generators," and added that Afghanistan could someday be an energy exporter. Note: Neither official commented on the social and environmental issues that accompany large-scale hydro construction. Officials at the Afghan National Environmental Protection Agency admit the agency does not have the resources or skills-base to address current problems, let alone access the complex environmental impacts of large dams. End note.

¶5. (SBU) Other Afghan officials and working-level ministry contacts increasingly call for donors to fund major hydropower projects to power Afghanistan. Existing hydropower is Afghanistan's cheapest source of electricity (at less than five cents per kWh, it is half the price of imports and one-fifth the cost of energy from a high-efficiency diesel power plant.) By Afghan Energy Information Center estimates, the country gets over 40 percent of its energy from hydropower (42.3 percent in the first seven months of 2009, down from 49 percent in 2006 as imports increased to meet growing demand.) The Afghan government has identified a number of locations as potential sites for new hydropower dams and the Afghan National Development Strategy (ANDS) prioritizes four key hydropower infrastructure projects: Kokcha-e-Ulia (1,900MW) and Kokcha-e-Sofla

(100MW) in Badakhshan, Baghdara (210MW) in Baghlan, and Sorobi II (180MW) in Kabul province. Donors have been reluctant to start large hydropower projects, however, in the absence of workable water-use treaties or agreements with downstream neighbors.

¶16. (U) USAID, working with the Army Corps of Engineers, is assessing the viability of multipurpose dams (irrigation/power/potable water). Currently, USAID is rehabilitating the Darunta hydropower plant in Nangarhar province (11MW to be completed by early 2010) and the Kajaki hydropower plant on the Helmand River. Kajaki consists of three turbines: Unit 1 (16.6MW) has been completed and is providing power to the grid, Unit 2 (18.5MW) installation has been suspended after the Chinese subcontractor left the country, and Unit 3 (16.5MW) is scheduled for completion during fall 2009. The transmission line from Kajaki into the South East Power System (SEPS) can transmit only 24MW and will need to be upgraded before the units can provide their full power load to the grid. Insurgent activities in the area have caused significant delays and increased construction costs.

¶17. (SBU) USAID and the Army Corps of Engineers are also providing technical support to the Secretariat of the Supreme Council on Water Management. The U.S. team also participates in a Water Sector Donors Group, which brings together interested governments, private groups, and organizations to work with the GIROA on transboundary water issues. To help build the Afghan government's capacity, USAID is working to place two international advisors on transboundary riparian rights negotiations with the Ministry of Energy and Water and the Ministry of Foreign Affairs.

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¶18. (SBU) Afghan government interest in hydropower is unlikely to change regardless of the results of the elections and whether Minister Khan keeps his portfolio. International donors will need to address officials' growing expectations for the resource. As high-level officials increasingly make public statements about Afghanistan's need for major dams, the Afghan government will need more help in addressing the concerns of its neighbors while managing the expectations of the Afghan populace. Although any major hydrologic project will require Afghanistan to launch negotiations with its neighbors, contacts in the palace and the Ministry of Energy and Water are adamant that they are "not ready to touch water questions" with Afghanistan's neighbors. The USG and the donor community will need to help the Afghan government build its capacity to take on negotiations with its neighbors as part of moving ahead with any major water projects.

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